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Going Concern: An Implementation in Waqf Institutions (Religious Charitable Endowment)

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Abstract

Islam is the majority religion in Indonesia. Encouragement and legal certainty are crucial to make waqf donors (wakif) interested and confident to make a gift (waqf/endorsement) to a legally endorsed organization in Indonesia. This will give an impact to the sustainability of Waqf Institutions. Hence, this research aims to describe the going concern of Waqf Institutions. The method used is qualitative descriptive analysis. Thirty respondents represent an analysis unit. Data retrieval uses questionnaires, interviews and documentations. The research result shows that going concern of Waqf Institutions in Bandung is good by fulfilling going concern indicators.

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1. Introduction

Some countries manage state revenues and waqf as a medium for community welfare. The existence of professional Waqf Institutions has become a choice and necessity in the modern era to undertake the management of waqf properties. Waqf is defined as the retention of specific assets to the ownership of waqf and its forms will remain the same and will be devoted to the poor or other good object that can be utilized and its form stand stills which are located to any existed permissible (mubah) activities. At first, waqf is only someone's desire to use their properties for the

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benefit of human kind and individually managed without legal certainty. On the other hand, Indonesian people have a lack of trust in waqf, this can be seen from the low number of donors to Indonesian Waqf Institutions, even though most of Indonesian people are Muslims. Legal certainty and encouragement are needed to make donors interested in donating their assets to legal Waqf Institutions in Indonesia.

Social dynamics, public pressure and a broad paradigm shift toward waqf has led to the issuance of Law number 41 concerning waqf and has become more powerful on a nationwide legal basis. This means that waqf institutions are not only required to be professional in managing the properties, but also to follow the rules. It has become important that a waqf institutions is related to the public's interest and benefit. It causes a waqf institutions' going concern to be important. Based on the explanation above, this article will explain the description of going concern of Waqf Institutions in Bandung, West Java Indonesia.

2. Literature Review

2.1 Waqf

The term waqf literally means "confinement and prohibition" meanwhile, according to Islamic terms waqf means is the detention of eternal things (not sold or given) to take and devote the profit for charity of the poor or other good causes and to the glory of Islam. To detain an eternal object means that those objects are not sold or given or inherited but given as a gift to take its advantage. According to Imam Syafi'i and Imam Hambali, waqf means detain their assets to take its benefit for the good of human beings and dedication of a portion of one's wealth for the pleasure of Allah.

According to Government law number 28 year 1977, waqf is a legal action of someone or organization that separates their assets in the form of private land and institutionalize it give it to Waqf Institutions for religious or public purposes Furthermore, the requirements of endowments are as follows:

- Give properties for charity (waqf) forever and is not limited by time. (*takbid*).
- Cash without relying on an event in the future. For example, "I will give my assets as waqf if I get bigger profit from future business". It is called *tanjiz*.
- Real and clear who the beneficiaries are (*mauqfalah*) and the assets can be owned by (*mauquf*)

2.1.1. Legal Conditions of Waqf:

- Donors (*wakif*), the conditions;
- Assets that are given as waqf (*mauquf*), the conditions;
- The right people who considered to receive the gift i.e. people who have something, a child in the womb does not have the right to accept the gift. The child in the womb is not valid.
- Declaration of founding (Akad, for example: "I donate this to mosques, schools, for the poor and others" It does not need any reply except private things (not for public).

Waqf has given its contribution to the development of Islam these days. Most Mosques, and other Islamic building, Islamic boarding schools, meddresses, orphanages and others are run on waqf properties. Even the profit of waqf properties is used to fund the operation of many Islamic educational institutions, mosques, meddresses and Islamic boarding schools. Therefore, Islam strongly encourages rich people to donate some of their assets for Islam. This is proceeded by mutual agreement upon the consideration of its benefit for people and more useful funds for development of the people. Waqf administrators (Nadir) are a group or a legal organization that is assigned the duty to maintain and manage Waqf properties

2.1.2. The Authorities of a Nadir

- Nadir is entitled to receive income from waqf properties that is usually determined by the Head of the Department of religion in districts or cities. With the provision that the income does not exceed 10% of the net profit from the waqf properties.

- Nadir in completing their duties can use some facilities, the types and quantities of which are determined by the Head of the Religious Affairs Office in districts or cities.

2.1.3. *Obligations of a Nadir*

Nadir has an obligation to manage and supervise waqf assets and profits as follows;

- Keep a copy of the second page of waqf pledge statements.
- Maintain and utilize waqf properties and make an attempt to improve the profits.
- Use the profits gained from waqf in accordance with the pledge.

The goals of waqf can be achieved if the supporting factors work well.

2.2. *Going Concern*

Going concern is the basic declaration of intention to keep running its activities. Going concern is one of the most important is a basic assumption to prepare financial statements. With the going concern, the entity is considered to be able to maintain its business operations in the long term, and will not be liquidated in the next year. Directors have the responsibility to determine the feasibility of the preparation of financial statements using the basis of going concern and auditor' have the responsibility to ensure that the use of going concern basis by a company is feasible and adequately disclosed in financial statements. Statement of Financial Accounting Standards No. 30 states that going concern is used as an assumption in financial reporting as far as it is proven that there is not anything against it. Commonly, significant information that is considered contrary to the assumption of the viability of a company is related to the inability of a company to meet its obligations on time without selling most of its assets to other parties through regular business, debt restructuring, operations improvement that are imposed from outside and other similar activities.

According to Altman and McGough (1974) as quoted from Mirna and Indira (2006), the issue of going concern is divided into two parts. They are financial problems that include a lack of liquidity, deficiency of equity, debt arrears, difficulty in obtaining funds, and operating problems that include continuous operation loss, dubious earning prospects, operating capability is threatened and weak control over the operation. When auditors examine a company's accounting records, they have an obligation to review the company's survival ability; if the assessment indicates that there is substantial doubt about the company's ability to continue its business in the future (which is defined as the following year), qualification of continuity must be included in their opinion in the company's financial statements. The indicators of potential going concern (Altman and McGough (1974) as quoted from Mirna and Indira (2006) are as follows:

- Negative trend. It includes a decrease in sales, rising costs, recurring losses, adverse financial ratios, and others.
- Employees. a company which has lost its key managers or skilled employees, and various labor problems such as labour strikes.
- Accounting information system. Keeping inadequate accounting records.
- Law. Legal proceedings against the company, which may include delayed obligations and penalties related to violations of environmental laws or others.
- Intellectual property. The loss or expiration of a key license or patent.
- Business Structure. A company lost and cannot afford to replace large customers or its main suppliers.
- Financing. A Company fails to receive loans or cannot find new financing.

The attention qualification is of great concern to the creditors, as a primary indicator of the inability of a company to repay its debts. Some creditors determine in their loan documents which continuity qualification will trigger the acceleration of all remaining loan payments. Creditors are usually only interested in lending their funds to businesses that had received an unqualified opinion from the auditor about financial statements. For consideration and reference

in conducting this research, some results of previous studies by some researchers that the author read are posted as follows;

Table 1 Previous Research

Year	Researcher	Title	Descriptions
2009	Chairullizza	Endowments on Intellectual Rights In Islam (Studies of Article 16 of Law No. 41 year 2004 About Waqf)	Implementation of the legislation endowments and <i>going concern</i>
2012	Adnan	Effectiveness of the implementation of Article 16 Paragraph (3) of Law Number 41 Year 2004 Study In welfare charity wallet (dompet amal sejahtera) Ibnu Abas (Dasi) in Mataram	Implementation of WAQF law and going concern
2012	Endah Adityaningrum	Analysis of the Relationship Between company's Financial Condition and Audit opinion on Going Concern	A company's going concern based on company's financial condition.

3. Research Method

Descriptive method (Sumadi Suryabrata1983:19) is used for this research to make a systematic and accurate overview on the facts and the natures of a particular population or area. Variable or research object is a going concern which is a survival of a business entity. Data retrieval methods used are interviews, questionnaires and documentation. Analysis unit is four Waqf Institutions in Bandung with 30 respondents. (Sugiyono,2013:215). Before it was discussed, data validity and reliability tests were conducted.

4. Discussion

4.1. General Overview of Waqf Institutions

The general overview of Waqf Institutions in Bandung is described in the following table;

Table 2 Description of Waqf Institutions

Waqf Institutions	General Overview and legality
Rumah Wakaf Indonesia (Indonesian Waqf House)	Rumah wakaf Indonesia is a professional waqf institution that was founded on 24 April 2009, based on; Statement of foundation establishment No.87 dated July 11, 2013.
Waqf Pro 99	Waqf Pro 99 is an institution wear its purpose is to improve community welfare by collecting and managing funds productively, professionally and trustable. It was founded at the same time as Dompot Dhuafa on July 14, 2005.
BWI Perwakilan Jawa Barat (Indonesian waqf institutions in West Java Branch)	In accordance with presidential Decree No. 75 / M of 2007, in Jakarta, July 13, 2007. BWI is an independent institution to develop waqf in Indonesia especially in the West Java area.
Wakaf Daarut Tauhid	Wakaf Daarut Tauhiid is one of the institutions in Daarut Tauhiid. Daarut Tauhiid Foundation.

4.2 Analysis of Going Concern in Waqf Institutions

Based on the collected data, the next stage is analyzing the responses from the respondents. This stage is also classified into several sections, including classifying respondents' responses, and its loads values. Waqf institutions' going concern consists of 7 (seven) statements that are used to measure waqf institutions going concern. The question items for this dimension are as follows:

Table 3 Tabulation of Item 1 Statement Respondents Answer: Waqf Institution Unprecedented Performance Drops

Criteria	Load	F	%	Score
Strongly disagree	1	0	0.00	0
Mildly disagree	2	0	0.00	0
Hesitate	3	4	13.33	12
Agree	4	17	56.67	68
Strongly disagree	5	9	30.00	45
Total		30	100.00	125

Based on the result from table 3, it can be seen that most respondents agree (17 people) (56.67%), 9 respondents strongly agree, 4 respondents mildly agree. the result of score value is 125 which is under good category with interval 103-126. This means waqf institutions never experience Unprecedented Performance Drops.

Table 4. Tabulation of Response Rate on the Second Statement Item Waqf Institutions Employees Have Good Attitude and Keep Their Skills

Criteria	Load	F	%	Score
Strongly Disagree	1	0	0.00	0
Mildly disagree	2	9	30.00	18
Hesitate	3	7	23.33	21
Agree	4	10	33.33	40
Strongly Disagree	5	4	13.33	20
Total		30	100.00	99

Based on the results in Table 4, it can be seen that most respondents agree (10 respondents or 33.33%), 9 respondents mildly disagree, 7 respondents hesitant and 4 respondents strongly agree. Score result is 998; this means it is under fair category with the interval 79-102. This means waqf institutions' employees have good attitude and skills.

Table 5 Tabulation of Response rate on The Third Statement Item: Waqf Institution Has an Adequate System of Accounting and Record Keeping

Criteria	Load	F	%	Score
Strongly Disagree	1	1	3.33	1
Mildly Disagree	2	11	36.67	22
Hesitate	3	8	26.67	24
Agree	4	8	26.67	32
Strongly agree	5	2	6.67	10
Total		30	100.00	89

Based on the results in table 5, it can be seen that most respondents disagree (11 respondent or 36.67%), 8 respondents (26.67%) have hesitation, 2 respondents agree, and one respondent mildly disagree. Score result is 89 means it is under good category with the interval 76-102. This means Waqf institutions have an adequate system of accounting and record keeping.

Table 6 Tabulation of Respondents' answers to The Fourth the Statement Item: Waqf Institutions Have Never Committed Any Actions Leading to Legal Problems That Involved Fines and Inhibition of Obligations

Criteria	Load	F	%	Score
Strongly Disagree	1	1	3.33	1
Mildly disagree	2	0	0.00	0
Hesitate	3	2	6.67	6
Agree	4	14	46.67	56
Strongly agree	5	11	36.67	55
Total		28	93.33	118

Based on the result in table 6, it can be seen that most respondents (14 respondents or 46.67%) agree, 11 respondents (36.67%) strongly agree, 2 respondents hesitant and one respondent strongly disagreed. Score result is 118 means it is under good category with interval 103-126. This means Waqf Institutions have never been involved in legal issues that led them to get fined and delay their obligations.

Table 7 Tabulation of Respondents Answers to The Fifth Statement Item: Waqf Institutions Always Have Big Efforts to Maintain Intellectual Property

Criteria	Load	F	%	Score
Strongly disagree	1	1	3.33	1
Mildly Disagree	2	5	16.67	10
Hesitate	3	9	30.00	27
Agree	4	12	40.00	48
Strongly Agree	5	3	10.00	15
Total		30	100.00	101

Based on the results in Table 7, it can be seen that most respondents (12 respondents or 40%) agree, 9 respondents (30%) thought hesitation, 5 respondents disagree and one respondent strongly disagree. The score result is 101 and it is under fair category with the interval 76-102. This means waqf institutions have made sufficient effort to maintain the intellectual property they own.

Table 8 Tabulation of Respondents' Answer on The Sixth Statement Item: Waqf Institutions Have Made an Effort to Maintain The Structure of Business Assets Held to Date

Criteria	Load	F	%	Score
Strongly Disagree	1	1	3.33	1
Mildly Disagree	2	2	6.67	4
Hesitate	3	4	13.33	12
Agree	4	18	60.00	72
Strongly agree	5	5	16.67	25
Total		30	100.00	114

Based on the results in Table 8, it can be seen that most respondents (18 respondents or 60%) agree, 5 respondents (16.67%) strongly agree, 4 respondents agree and, one respondent strongly disagree. Score result is 114 and it is under good category with the interval 103-126. This means that the waqf institutions have made an effort to maintain the

structure of their business assets they own until today.

Table 9 Tabulation of Respondents' Answer to the Seventh Statement Item: Waqf Institutions Have Failed in Financing to Develop Their Sustainability

Criteria	Load	F	%	Score
Strongly Disagree	1	0	0.00	0
Mildly Disagree	2	6	20.00	12
Hesitate	3	17	56.67	51
Agree	4	6	20.00	24
Strongly Agree	5	1	3.33	5
Total		30	100.00	92

Based on the result in Table 9, it can be seen that most respondents (17 respondents or 56.67%) hesitate, 6 respondents (20%) 6 respondents agree 6 respondents mildly disagree and one respondents strongly agree. Score result is 92 and it is under fair category with the interval 76-102. This means that the waqf institutions have never failed in financing to develop their sustainability. From the results of the total score for each statement item related to waqf institutions' going concern, the average calculation is made. The recapitulation is presented in table 10.

Table. 10 Percentage of Score of Response Rate on Waqf Institutions Going Concern

No	Statement	Score	%	Description
1	Waqf institutions unprecedented performance drops	125	83.33	Good
2	Waqf Institutions' employees have good attitude and keep their skills	99	66.00	Fair
3	Waqf institutions have an adequate system of accounting record keeping.	89	59.33	Fair
4	Waqf institutions have never committed any actions leading to legal problems that involved fines and inhabitation of obligations	118	78.67	Good
5	Waqf institutions always have big efforts to maintain intellectual property	101	67.33	Fair
6	Waqf institutions have made an effort to maintain the structure of business asset shelt to date	114	76.00	Good
7	Waqf institutions have failed in financing to develop their sustainability	92	61.33	Fair
Total		738		Good

Based on the results of the calculation of respondents' answers on waqf institutions' going concern, the score is 738, which means the interval distance picture with continuum line is under the good category (741-882) and in the distance interval with a line drawing continuum included in either. In other words, going concern of Waqf Institutions in Bandung has been implemented well and they are expected to maintain their sustainability.

5. Conclusion

Based on the problem, discussion and analysis of this research, the conclusion that can be drawn is: the implementation of Waqf Institutions going concern in Bandung is under good criteria. This can be observed from some statements that are under good category. however, there are statements under fair category such as Statements concerning; employees have good attitude and skills, they have an adequate system of accounting keeping record, waqf institutions attempt to maintain their intellectual assets and waqf institutions never failed in financing their sustainability.

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